



November 6, 2013

Mr. Alex Terrazas, Assistant Town Manager  
Town of Truckee  
10183 Truckee Airport Road  
Truckee, CA 96161

Dear Mr. Terrazas:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Town of Truckee Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to the California Department of Finance (Finance) on September 27, 2013 for the period of January through June 2014. Finance has completed its review of your ROPS 13-14B, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations for the reasons specified:

- Item No. 19 – Professional Services in the amount of \$6,000. The Agency already received \$10,000 in Redevelopment Property Tax Trust Fund (RPTTF) for this item during the ROPS 13-14A period. Furthermore, the services agreement provided to Finance terminates on December 31, 2013, at the end of the ROPS 13-14A period. Since the Agency already received RPTTF for the full contract amount related to the preparation of Agency's long-range property management plan and the agreement does not extend into the ROPS 13-14B period, the item is not eligible for additional RPTTF funding.
- Claimed administrative costs exceed the allowance by \$23,000. Item No. 3 for Legal Costs to support Oversight Board in the amount of \$3,000 is considered general administrative expense and has been reclassified to RPTTF Admin increasing the total administrative costs claimed to \$138,000. HSC section 34171 (b) limits fiscal year 2013-14 administrative expenses to three percent of property tax allocated to the successor agency or \$250,000, whichever is greater. Therefore, \$23,000 of excess administrative cost is not allowed as noted below.

Allowable administrative cost amount for fiscal year 2013-14	\$250,000
Administrative costs distributed for July through December 2013	\$135,000
Administrative costs claimed for January through June 2014	\$138,000
Overage	\$ 23,000

Pursuant to HSC Section 34186 (a), successor agencies were required to report the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2013 period. The amount of RPTTF approved in the table below includes the prior period adjustment that was self-reported by the Agency. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. Any proposed CAC adjustments were not received in time for inclusion in this letter. Therefore, the amount of RPTTF approved in the table below includes only the prior period adjustment that was self-reported by the Agency.

Except for items denied in whole or in part as enforceable obligations or for the items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 13-14B. If you disagree with the determination with respect to any items on your ROPS 13-14B, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

[http://www.dof.ca.gov/redevelopment/meet\\_and\\_confer/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$505,905 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2014</b>	
Total RPTTF requested for non-administrative obligations	428,046
Total RPTTF requested for administrative obligations	135,000
<b>Total RPTTF requested for obligations</b>	<b>\$ 563,046</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>428,046</b>
<u>Denied Items</u>	
Item No. 19	(6,000)
<u>Reclassified Items</u>	
Item No. 3	(3,000)
<b>Total RPTTF approved for non-administrative obligations</b>	<b>419,046</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>135,000</b>
<u>Reclassified Items</u>	
Item No. 21	3,000
<b>Total RPTTF for administrative obligations</b>	<b>138,000</b>
<b>Total RPTTF allowable for administrative obligations (see Admin Cost Cap table below)</b>	<b>115,000</b>
<b>Total RPTTF approved for obligations</b>	<b>534,046</b>
ROPS III prior period adjustment	(28,141)
<b>Total RPTTF approved for distribution</b>	<b>\$ 505,905</b>
<b>Administrative Cost Cap Calculation</b>	
Total RPTTF for 13-14A (July through December 2013)	311,535
Total RPTTF for 13-14B (January through June 2014)	419,046
Less approved unfunded obligations from prior periods	-
<b>Total RPTTF for fiscal year 2013-14</b>	<b>730,581</b>
Allowable administrative cost for fiscal year 2013-14 (Greater of 3% or \$250,000)	250,000
Administrative allowance for 13-14A (July through December 2013)	135,000
<b>Allowable RPTTF distribution for administrative cost for ROPS 13-14B</b>	<b>115,000</b>

Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. Beginning with the ROPS 13-14B period, Finance required successor agencies to identify fund balances for various types of funds in its possession. During our ROPS 13-14B review, Finance requested financial records to support the fund balances reported by the Agency; however, Finance was unable to reconcile the financial records to the amounts reported. As a result, Finance will continue to work with the Agency after the ROPS 13-14B review period to properly identify the Agency's fund balances. If it is determined the Agency possesses fund balances that are available to pay approved obligations, the Agency should request the use of these fund balances prior to requesting RPTTF in ROPS 14-15A.

Please refer to the ROPS 13-14B schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14B Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%2013-14B%20Forms%20by%20Successor%20Agency/).

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2014. This determination applies only to items where funding was requested for the six month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 34171 (d), HSC section 34191.4 (c)(2)(B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Beliz Chappuie, Supervisor or Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Ms. Kim Szczurek, Administrative Services Director, Town of Truckee  
Ms. Marcia L Salter, Auditor-Controller, Nevada County  
California State Controller's Office